

Frequently Asked Questions

Size Rule

What is the size rule?

On December 27, 2012, SBA amended its regulations governing size and eligibility requirements for the SBIR and STTR programs. The rule implemented provisions of the National Defense Authorization Act for Fiscal Year 2012 by revising elements of 13 CFR part 121 that address ownership, control, and affiliation for participants in the SBIR/STTR programs. The rule includes a new provision regarding an agency option to allow participation by firms that are majority-owned by multiple venture capital operating companies, private equity firms or hedge funds.

When do the size rule changes take effect?

The final rule was published in the Federal Register on December 27, 2012 and took effect January 28, 2013.

Where can I find detailed policy language regarding the size rule and a summary of the rule?

The size rule is found at the following links: Size Regulations [PDF](#). In addition, SBA has posted at a [Guide to SBIR/STTR Program Eligibility](#) that summarizes and explains the size rule and its changes to program eligibility requirements.

How do I know if I'm affected by the size rule?

All firms receiving an SBIR or STTR program award for solicitations posted after January 28, 2013 must comply with the new program eligibility requirements which are established with the size rule.

Will I be penalized if I don't meet the size rule?

Applicants that do not meet the eligibility requirements at the time of award will not be eligible to receive an award.

What is the process for applying for a second Phase II award?

That process will be spelled out in the agency solicitation.

Who counts as an employee?

Size of a firm is determined by the average number of employees (including employees of all domestic and foreign affiliates) based upon the number of employees for each of the pay periods for the preceding completed 12 calendar months. SBA counts all individuals as employees, including part-time and temporary employees.

Is there a dispute resolution process or a person to contact if I have a concern with anything related to the size rule?

If you have size/eligibility questions, you may submit them [here](#) after consulting the [eligibility guide](#).